

AUG 4 1995 - 12 15 PM

INTERSTATE COMMERCE COMMISSION

LAW OFFICES

MILES & STOCKBRIDGE

A PROFESSIONAL CORPORATION

10 LIGHT STREET

BALTIMORE, MARYLAND 21202-1487

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ROCKVILLE, MD 20850-4296600 WASHINGTON AVENUE
TOWSON, MD 21204-39651450 G STREET, N.W.
WASHINGTON, D.C. 20005-2001**19549** A

FILED 147*

AUG 4 1995 - 12 15 PM

INTERSTATE COMMERCE COMMISSION

August 1, 1995

Interstate Commerce Commission
12th and Constitution Avenue, N.W.
Washington, D.C. 20423
Attn: Janice Fort, Recordation

19550 A
RECORDATION NO. FILED 147*

AUG 4 1995 - 12 15 PM

INTERSTATE COMMERCE COMMISSION

RE: Our File No. 258-1549

Dear Mrs. Fort:

Enclosed for recordation as a primary document pursuant to the provisions of 49 U.S.C. 11303 are one original and one notarized copy of the following documents:

(1) Memorandum of Lease Agreement dated August 2, 1995 between SRL Partners #1, a Nevada Limited Partnership and successor by assignment located at 2533 North Carson Street, Carson City, Nevada 89706 to Southern Rail Leasing, Inc. ("Lessor") located at 955 South Virginia Street, Reno, Nevada 89502, and The Kansas City Southern Railway Company, successor by merger to SouthRail Corporation ("Lessee") located at 114 West 11th Street, Kansas City, Missouri 64105-1804, please see Exhibit A for a summary of equipment;

(2) Security Agreement from Guarantor dated August 2, 1995 between SRL Partners #1, a Nevada Limited Partnership (the "Pledgor"), in favor of The First National Bank of Maryland, a National Banking Association (the "Lender") located at 25 South Charles Street, 15th Floor, Baltimore, Maryland 21201, please see Exhibit A for a summary of equipment; and

(3) Security Agreement from Borrower dated August 2, 1995 between Southern Rail Leasing, Inc., a Nevada corporation (the "Pledgor") located at 955 South Virginia Street, Reno, Nevada 89502, in favor of The First National Bank of Maryland, a National Banking Association (the "Lender"), please see Exhibit A for a summary of equipment.

Also enclosed for recordation as a secondary document pursuant to the provisions of 49 U.S.C. 11303 are one original and one notarized copy of the following documents:

(4) Assignment of Lessor's Interest in Leases from the Borrower dated August 2, 1995 between Southern Rail Leasing,

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A PROFESSIONAL CORPORATION

Interstate Commerce Commission
August 1, 1995
Page 2

Inc., a Nevada corporation (the "Pledgor") in favor of The First National Bank of Maryland, a National Banking Association (the "Lender"); and

(5) Assignment of Lessor's Interest in Leases from the Guarantor dated August 2, 1995 between SRL Partner #1, a Nevada Limited Partnership (the "Pledgor"), in favor of The First National Bank of Maryland, a National Banking Association (the "Lender").

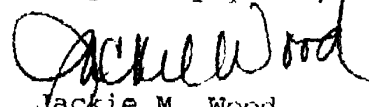
Also enclosed are checks, each in the amount of \$21.00, to cover the costs of recordation.

Once these documents have been recorded, please return them to:

John Stalfort, Esquire
Miles & Stockbridge
10 Light Street
Baltimore, Maryland 21202

Thank you for your prompt attention to this matter. Please call me at 410-385-3660 should you have any questions.

Very truly yours,


Jackie M. Wood
Legal Assistant

/jmw
Enclosures

19549-A
RECORDATION NO. _____ FILED 1425
AUG 1995 - 12 15 PM

ASSIGNMENT OF LESSOR'S INTEREST IN LEASES

THIS ASSIGNMENT OF LESSOR'S INTEREST IN LEASES (this "Agreement") is made as of this 2nd day of August, 1995, by SRL PARTNERS #1, a Nevada limited partnership (the "Pledgor"), in favor of THE FIRST NATIONAL BANK OF MARYLAND, a national banking association (the "Lender"); witnesseth:

Recitals

Southern Rail Leasing, Inc. (the "Borrower") has applied to the Lender for a line of credit in the maximum principal amount of \$ _____ (the "Financial Accommodations"). The Financial Accommodations are to be evidenced by, and repaid with interest in accordance with provisions of, a Promissory Note of even date herewith from the Borrower payable to the Lender (the "Note"). Repayment of the Note is secured by, inter alia, a Security Agreement of even date herewith from the Borrower to the Lender (the "Security Agreement"). Pursuant to a Guaranty of Payment of even date herewith (the "Guaranty") from the Pledgor to the Lender, the Pledgor has guaranteed, among other things, the repayment of the Note. The Pledgor is the lessor under Schedule Number 1 to that certain Railroad Car Lease dated as of January 27, 1993 (such Schedule Number 1 and such Railroad Car Lease as incorporated therein, the "Lease") between the Pledgor and The Kansas City Railway Company (the "Lessee") pursuant to which the Pledgor has leased certain railcars to the Lessee (the "Railcars"). The Lender has required, as a condition to the making of the Financial Accommodations, the execution of this Agreement by the Pledgor.

NOW, THEREFORE, in order to secure (a) the prompt payment of all past, present, and future indebtedness, liabilities, and obligations of the Pledgor to the Lender of any nature whatsoever in connection with the Financial Accommodations (collectively, the "Pledgor's Liabilities"), and (b) the performance by the Pledgor of all of the terms, conditions, and provisions of this Agreement, the Note, the Security Agreement, and of any other note, security agreement, pledge agreement, guaranty agreement, mortgage, deed of trust, loan agreement, hypothecation agreement, subordination agreement, indemnity agreement, letter of credit application, assignment, or any other document previously, simultaneously, or hereafter executed and delivered by the Pledgor and/or any other person, singly or jointly with another person or persons, evidencing, securing, guarantying, or in connection with any of the Pledgor's Liabilities (collectively, the "Loan Documents"), the Pledgor hereby pledges, assigns, and grants to the Lender a security interest in and assigns to the Lender all now existing or hereafter created leases of all or any portion of the Railcars (collectively the "Leases"), together with all rents, payments with respect to casualty, royalties, issues, income, profits, revenues, other benefits, and security deposits arising from the Leases and the Railcars and all cash and non-cash proceeds thereof and the proceeds of all insurance policies covering all or any part of such

property (all of the foregoing is herein collectively referred to as the "Collateral").

A. TO PROTECT THE SECURITY OF THIS AGREEMENT, PLEDGOR COVENANTS:

1. To observe and perform all of the obligations imposed upon the lessor in the Leases and not to do or permit to be done anything to impair the security thereof; that the Leases are or will be valid and enforceable and that the lessees are not in default under any of the terms thereof; that no rents reserved in the Leases have been anticipated or assigned; not to collect any of the rents, payments with respect to casualty, income, and profits arising or accruing from the Railcars in advance of the time when the same becomes due under the terms of the Leases; not to discount any future accruing rents; not to execute any other assignment of the Leases or assignment of rents of the Railcars; and not to alter, modify, or change the terms of the Leases or surrender, cancel, or terminate the same, without the prior written consent of the Lender.

2. To assign and transfer to the Lender any and all further Leases upon all or any part of the Railcars and to execute and deliver, at the request of the Lender, all such further assurances and assignments as the Lender shall from time to time require.

B. IT IS MUTUALLY AGREED THAT:

1. After the occurrence of an event of default under the Loan Documents, the Pledgor hereby authorizes and directs the lessees under any Leases, including the Lessee under the Lease, to pay all rents, payments with respect to casualty, income and profits from the Leases due to the Pledgor under the Leases directly to the Lender and to continue to do so until otherwise notified by the Lender and the Lender shall have the right to apply any such sums to the payment of the Pledgor's Liabilities in such order and amount as the Lender may determine in its sole discretion.

2. The Lender shall not be obligated to perform or discharge, nor does it hereby undertake to perform or discharge, any obligation, duty, or liability under the Leases, or under or by reason of this Agreement, and the Pledgor shall and does hereby agree to indemnify the Lender for and to hold the Lender harmless of and from any and all liability, loss, or damage which the Lender may or might incur under the Leases or under or by reason of this Agreement, and of and from any and all claims and demands whatsoever which may be asserted against the Lender by reason of any alleged obligations or undertakings on the Lender's part to perform or discharge any of the terms, covenants, or agreements contained in the Leases. Should the Lender incur any such liability, loss, or damage under the Leases or under or by reason of this Agreement or in the defense of any such claims or demands, the amount thereof including costs, expenses, and reasonable

attorneys' fees shall be secured hereby, and the Pledgor shall reimburse the Lender therefor immediately upon demand, and upon the failure of the Pledgor so to do, the Lender may declare all sums secured hereby immediately due and payable.

3. Upon the payment in full of all indebtedness secured hereby, this Agreement shall become and be void and of no effect, but the affidavit, certificate, letter, or statement of any officer, supervisor, or attorney of the Lender showing any part of said indebtedness to remain unpaid shall be and constitute conclusive evidence (except in an action between Pledgor and the Lender or its assigns) of the validity, effectiveness, and continuing force of this Agreement, and any person may and is hereby authorized to rely thereon.

4. The Lender may take or release other security; may release any party primarily or secondarily liable for any indebtedness secured hereby; may grant extensions, renewals, or indulgences with respect to such indebtedness; and may apply any other security therefor held by it to the satisfaction of such indebtedness without prejudice to any of its rights hereunder.

5. The term "Leases" as used herein means the Leases hereby assigned and any extension or renewal thereof, and any lease subsequently executed by the Pledgor covering the Railcars or any part thereof.

6. Nothing herein contained and no act done or omitted by the Lender pursuant to the powers and rights granted to the Lender herein shall be deemed to be a waiver by the Lender of its rights and remedies under the Loan Documents, but this Agreement is made and accepted without prejudice to any of the rights and remedies possessed by the Lender under the terms thereof. The right of the Lender to collect the indebtedness and to enforce any other security therefor owned by it may be exercised by the Lender either prior to, simultaneously with, or subsequent to any action taken by it hereunder.

7. In the event the Note is transferred by the Lender to any other person or entity, the Pledgor covenants and agrees that all the provisions herein contained shall be applied to and inure to the benefit of the holder of the Note in the same manner and to the same extent as if it was the original assignee of the Leases herein named.

[SIGNATURES APPEAR ON THE FOLLOWING PAGE]

WITNESS the signature and seal of the Pledgor as of the day and year first above written.

ATTEST:

SRL PARTNERS #1

By: Southern Rail Leasing, Inc.,
General Partner

John C. Charnick

By: *[Signature]* (SEAL)
Name: *Philip W. Hanna*
Title:

STATE OF CALIFORNIA
COUNTY OF *San Diego*

On *7-20* 1995, before me, *Susan D. Parker*, personally appeared *Philip W. Hanna*, personally known to me (or proved to me on the basis of satisfactory evidence) to be the person whose name is subscribed to the within instrument and acknowledged to me that he executed the same in his authorized capacity, and that by his signature on the instrument the person, or the entity upon behalf of which the person acted, executed the instrument.

WITNESS my hand and official seal.

Signature

Susan D. Parker (Seal)



A:FN154905.ASG/S.RailLeasing/Disk1/cmr

STATE OF MARYLAND, COUNTY OF BALTIMORE, TO WIT:

I HEREBY CERTIFY that the attached Assignment of Lessor's Interest in Leases a true and complete copy of said Assignment of Lessor's Interest in Leases.

WITNESS my hand and seal this 4 day of August, 1995.


Notary Public

My Commission Expires: 4-99



- 2

STATE OF MARYLAND, COUNTY OF BALTIMORE, TO WIT:

I HEREBY CERTIFY that the attached Bill of Sale is a true and complete copy of said Bill of Sale.

WITNESS my hand and seal this 1st day of August, 1995.

Agnes M. Wood
Notary Public

My Commission Expires: 4-10-99